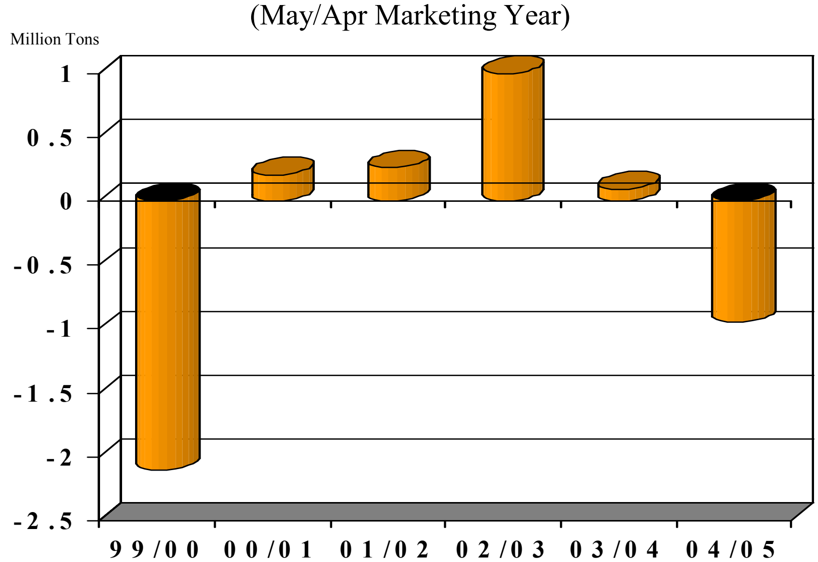
WHEAT: WORLD MARKETS AND TRADE

MONTHLY HIGHLIGHTS:

Pakistan Returns As Net Importer: Pakistan's state-run Trading Corporation recently purchased 484,700 tons of wheat from the United States, Australia, and for the first time, Russia. These purchases are against the 1.0 million tons that the government earlier announced would be imported in order to rebuild strategic stocks, and another 500,000 ton tender is expected in the next few months. This marketing year, Pakistan will be a net importer for the first time since 1999/00. Pakistan's stocks have fallen to very low levels, due in part to strong exports 2 years ago, which went primarily to Africa. With production expected to fall below consumption this year, imports have become necessary.

Pakistan Net Trade

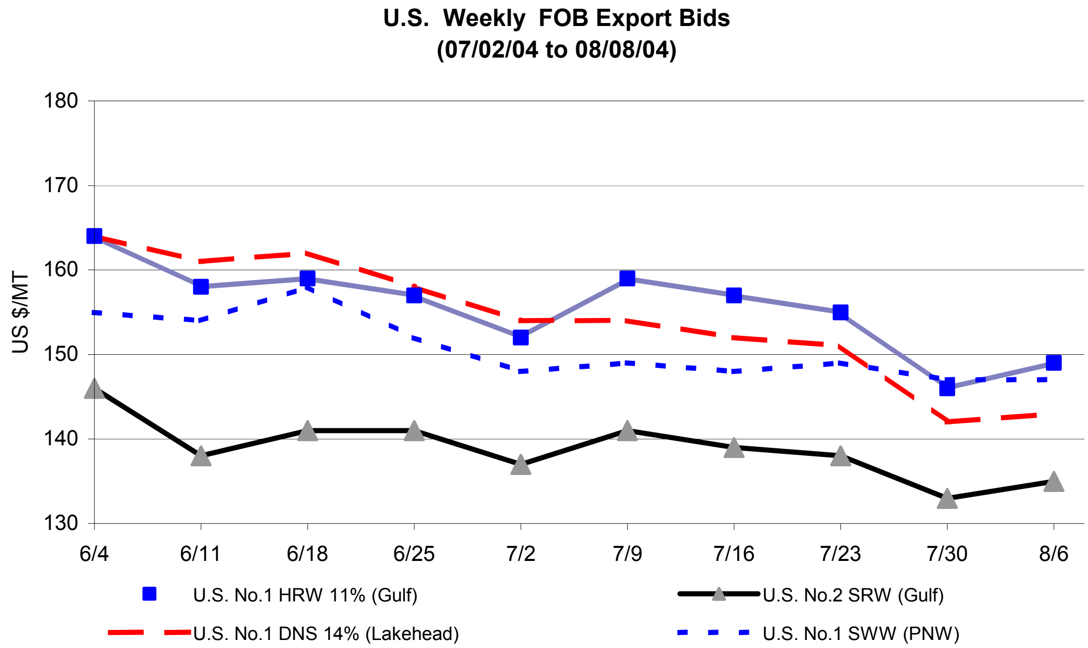
(May/Apr Marketing Year)



PRICES:

Domestic: During early July, prices made a short-lived rally on quality concerns, but soon descended on increasing competition from the Black Sea Region and prospects of a good spring crop. Prices took a tumble at the end of July as competition became stiffer and prospects took shape for a record U.S. corn crop. Prices rallied slightly in the first week of August, due to improved exports.

For the week ending Aug 8, average HRW and SRW prices were $3 a ton lower than those in the first week of July. HRS prices lost $11 a ton while SWW ended the month with a loss of $1 a ton.



TRADE CHANGES IN 2004/2005

Selected Exporters

- **Bulgaria** up 300,000 tons to 700,000 with higher expected production due to recovering yields.

- **Canada** up 500,000 tons to 16.0 million with better crop prospects.

- **Russia** up 500,000 tons to 5.0 million due to better than expected yields.

- **Ukraine** up 1.0 million tons to 3.0 million with the crop expected to more than quadruple last year's record low level.

- **United States** down 500,000 tons to 25.5 million as larger crops in Europe, the Black Sea region, and Canada result in intensified global competition.

Selected Importers

- **Russia** up 500,000 tons to 1.5 million tons as greater high-quality imports are expected from Kazakhstan.

- **South Korea** up 400,000 tons to 3.8 million because of higher expected imports of feed-quality wheat from the Black Sea region.

- **Tunisia** down 200,000 tons to 1.0 million as another year of good production limits durum and soft wheat import requirements.

TRADE CHANGES IN 2003/2004

Selected Exporters

- **Australia** up nearly 600,000 tons to 15.096 million with year-end trade data.

- **Kazakhstan** down 500,000 tons to 5.2 million as exports slowed considerably during the second half of the year.

- **EU-25** up 500,000 tons to 10.3 million due to a strong pace of shipments late in the year.

Selected Importers

- **Algeria** up 300,000 tons to 3.6 million caused by stronger-than-expected late-season imports. A similar increase was made to the 2004/05 estimate.

- **Cuba** down 150,000 tons to 850,000 due to a slow pace of imports.

- **Indonesia** up 300,000 tons to 4.4 million with a faster-than-expected import pace. A similar increase was made to the 2004/05 estimate.

- **Iran** down 200,000 tons to 300,000. Imports have largely ceased during the last 6 months.